

28 April 2017

QUARTERLY ACTIVITIES REPORT – MARCH 2017



HIGHLIGHTS

- DOWNSTREAM INTEGRATION INTO HIGH VALUE, HIGH GROWTH BATTERY MATERIALS MARKET
- ACQUISITION OF LEADING BATTERY ANODE MATERIALS AND BATTERY CELL TESTING TECHNOLOGIES
- PRODUCTION JOINT VENTURE WITH LEADING USA-BASED ANODE MATERIALS DEVELOPMENT COMPANY – COULOMETRICS
- ACQUISITION OF LEADING INTERNATIONAL BATTERY TESTING EQUIPMENT AND SERVICES COMPANY – NOVONIX
- COMPLETION OF \$15.5 MILLION CAPITAL RAISING
- BUSINESS VISITS TO COUNTERPARTIES IN USA, CANADA, CHINA, JAPAN, AND GERMANY

Graphitecorp Limited (ASX: GRA) (“Graphitecorp” or “the Company”) is pleased to provide the following Quarterly Activities Report for the March 2017 Quarter.

DOWNSTREAM INTEGRATION

Graphitecorp executed transactions with two North American groups, Coulometrics and NOVONIX, transforming the business into a supplier of advanced battery materials, equipment and services to the global Lithium Ion Battery (LIB) market.

The transactions significantly multiply the potential of the business providing opportunity to capture margins across the whole supply chain in the high-growth battery materials, equipment and services market which is forecast to grow from US\$10 billion to US\$30 billion during the next ten years.

The company aims to help battery makers make better batteries and to help equipment and device manufacturers test and select better batteries, improving everyday life via better electric vehicles, renewable energy storage, mobile phones, laptops, cordless power tools, and many other battery powered devices.



Graphitecorp has established PUREgraphite, an exclusive joint venture with Coulometrics and its founder and owner (Dr Edward Buiel), a recognised leader in battery materials development and testing.

PUREgraphite commenced operations in the USA on 1 April 2017 and is targeting commercial production by the end of 2017 of a range of ultra-high purity artificial, natural and hybrid anode materials for Lithium Ion Batteries that are expected to outperform and be produced at lower cost than current suppliers to the electric vehicles market.

PUREgraphite is being led by Dr Edward Buiel in the role of CEO and is leveraging the existing facilities, staff and capabilities of the Coulometrics organisation to enable rapid deployment of the business plan.

NOVONIX

During the quarter Graphitecorp executed agreements to acquire a two-thirds interest in a leading north American based battery testing equipment and testing services company, NOVONIX. Subsequent to the quarter Graphitecorp negotiated to acquire the remaining one-third interest of NOVONIX from Contemporary Amperex Technologies Ltd (CATL), moving to 100% ownership.

NOVONIX sells high precision battery testing equipment and services to tier 1 global customers including CATL, Apple, 3M, Panasonic, Bosch and Dyson, as well as US and Global EV and battery manufacturers.

NOVONIX was spun out of Dr Jeff Dahn's LIB research lab at Dalhousie University, which signed an exclusive five-year research partnership with Tesla in 2015.

In less than three years, NOVONIX has deployed more than 1,000 of its High Precision Coulometry battery testing units in 12 countries. NOVONIX is a profitable and cash flow positive business with over \$1 million of surplus cash on hand to support growth.

Dr Chris Burns and Dr David Stevens, co-founders of NOVONIX, have taken a substantial portion of their payment for their interests in NOVONIX in the form of shares in Graphitecorp and will continue as full-time employees of Graphitecorp, leading Graphitecorp's north American downstream strategy including continued leadership of the NOVONIX business.

\$15.5M CAPITAL RAISING

During the quarter Graphitecorp completed a \$15.5 million capital raising via Convertible Loan Note issue to institutional and sophisticated investors to provide funding for the two transactions, capital raising costs, and working capital.

An additional \$800,000 of Convertible Notes was issued in the current quarter on same terms.

This combined with \$690,000 surplus cash arising from capital raising cost savings achieved from previous capital raising and a small provision of surplus cash in the NOVONIX business will be used to acquire the remaining one-third interest in NOVONIX for CAD 1.67 million (same value as each other third interest acquired) taking Graphitecorp ownership to 100%.

MOUNT DROMEDARY PROJECT UPDATE

During the quarter Graphitecorp has been actively supporting the assessment of our application for a mining lease with the Queensland Department of Natural Resources and our application for an environmental authority with the Queensland Department of Environment and Heritage Protection in relation to the Mount Dromedary Graphite Project.

Other work streams on the Mount Dromedary project include:

- native title, cultural heritage and landholder agreements,
- metallurgical optimization via small scale pilot plant test program being undertaken in Brazil,
- process plant design and optimization, and
- mine infrastructure and process plant option analysis and costing.

There was no change to tenement list in the quarter.

BUSINESS AND MARKET DEVELOPMENT

Graphitecorp undertook extensive business and market development during the quarter.

Meetings were held in the USA, Canada, China, Japan, and Germany mostly

associated with the development and execution of a comprehensive downstream integration strategy to significantly multiply the potential of the business.

SIGNIFICANT ASX ANNOUNCEMENTS

The following significant announcements were lodged with ASX during the Quarter:

- Quarterly Activities Report (27 January)
- Quarterly Cashflow Report (27 January)
- Downstream Integration and Completion of Capital Raising (2 March)
- Downstream Integration and Capital Raising Investor Presentation (2 March)
- Notice of General Meeting/Proxy Form (9 March)
- Half Year Accounts (16 March)
- Presentation to General Meeting of Shareholders (7 April)
- Results of General Meeting of Shareholders (7 April)

ABOUT GRAPHITECORP

Graphitecorp (ASX: GRA) aims to become a leading alternate, competitive, secure and sustainable supplier of ultra-high-purity battery materials, equipment and services suitable for EV-standard Lithium Ion Batteries in the global market.

ABOUT NOVONIX

NOVONIX is a specialized equipment and services company spun out of Dr. Jeff Dahn's lab at Dalhousie University. It has expertise in materials and cell testing, with a strong focus on the use of High Precision Coulometry (HPC) for lifetime evaluation of lithium-ion cells. NOVONIX manufactures high-precision battery testing equipment and offers cell testing services on its in-house high precision chargers, and sells high precision charger systems along with materials testing services. In less than three years, NOVONIX has deployed more than 1,000 of its HPC testing units in 12 countries across the world.

For more information on NOVONIX please visit: <http://www.novonix.ca>
To view video footage of Dr Burns: <https://www.youtube.com/watch?v=UiEjv-uoiB4>

ABOUT COULOMETRICS

Founded in 2008 by Dr Edward Buiel, Coulometrics is a leading US-based battery materials and battery cell development and testing company. Dr Buiel graduated from Dalhousie University (Jeff Dahn Lab) in 1998 with a PhD in Physics specializing in "Development of Carbon Anode Materials for Lithium Ion Battery Applications".

Coulometrics owns its own toll coating and converting line and specializes in battery

and capacitor testing of all types. It has strong capabilities in qualification testing, development of specification sheets and validation of energy storage materials and technology.

Coulometrics also works with system designers to select, model and test the optimal energy storage system for their application. It has expertise in materials characterization and processing, including coin/pouch cell fabrication, mixing and electrode fabrication and converting (slitting, calandering).

For more information on Coulometrics please visit: <http://coulometrics.com>

To view video footage of Dr Buiel:

<https://www.youtube.com/watch?v=6vKTixWMddQ>

FOR FURTHER INFORMATION

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